

## ***NEWS RELEASE***

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### **DeNUCCI SAYS MASS HIGHWAY AGREES TO ADDRESS EXCESSIVE VEHICLE COSTS IN WESTERN MASS OFFICE**

State Auditor Joe DeNucci reported today that the Massachusetts Highway Department's District Two Office in Northampton lacked proper controls over state-leased and contractually provided vehicles, resulting in such problems as unnecessary lease costs for out-of-service vehicles, cost overruns and questionable fuel consumption and vehicle use.

In response, according to DeNucci, the District Two office indicated it would initiate corrective action to address the vehicle-related issues raised in his report.

"I am encouraged by Mass Highway's response and I urge the department to continue to review its vehicle policies statewide to determine if significant cost savings can be achieved during this time of fiscal belt-tightening in state government," said DeNucci.

According to DeNucci's audit, the district office, which oversees highway department operations in 56 western Massachusetts cities and towns, exclusive of Berkshire County, spent approximately \$409,000 for vehicles that were provided under agreements between the district office and private contractors. Meanwhile, the office spent approximately \$255,000 for vehicles that it leased from the Commonwealth's Office of Vehicle Management.

DeNucci's audit disclosed that 16 contracts reviewed had cost overruns totaling almost \$184,000, one running as high as \$25,000. The contracts included specifications that were vague and outdated.

DeNucci's audit also found that the district office retained these vehicles, some of which had lease costs exceeding \$1,000 a month, for a year or more when little or no work was being performed on the construction contract and the vehicles were not needed. More than \$23,400 in public money was wasted in this manner. The office also incurred lease costs of more than \$10,000 on damaged state-leased vehicles that were out of service for extended periods of time.

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DeNucci's audit showed a large cost disparity between contract and state-leased vehicles. While the Commonwealth's charges ranged from \$267 a month for a Ford Ranger to \$380 for a

Ford F-150 pick-up truck, the private providers charged costs approaching and exceeding \$1,000, one actually as high as \$6,000 per month, for comparable vehicles. The report estimated that the district office could have saved as much as \$269,000 by leasing vehicles from the state instead of entering into agreements with private contractors.

The audit indicated that the district office should improve its oversight of these contract vehicles. Because operators were not required to maintain vehicle logs, the district office was unable to provide accurate information on the names of vehicle operators, types of vehicles, dates that vehicles were received from and returned to contractors, mileage and fuel usage. This gave the Commonwealth no assurance that it was complying with state regulations limiting the use of these vehicles to resident engineers and their assistants.

DeNucci's audit also noted that some employees may not have filled out Internal Revenue Service forms relating to contract vehicle use as a fringe benefit, also a violation of state regulations.

In addition, DeNucci said the district should improve its management of agreements with approved contractors. DeNucci said other areas of concern include maintaining proper cellular telephone records, cost recovery, and the safeguarding of computer equipment.





